



FIELD-BUILDING ASSISTANCE

There are an estimated 268 million smallholder farmers in Latin America, sub-Saharan Africa, and South and Southeast Asia, with financing needs of approximately \$210 billion. Yet this demand is largely unmet by existing agriculture finance providers. Broad access to finance for the agriculture sector has lagged due to a specific set of factors, including high transaction costs, lack of borrower collateral, seasonal cash flows, and risks of natural events and disasters. However, there are finance providers and development organizations that have successfully mitigated these factors—disseminating lessons from that experience is key to attracting new finance providers to the agriculture sector. For USAID, supporting educational and expertise-building initiatives for new finance providers can help those institutions mitigate risks and accelerate financing to the agriculture sector, unlocking the sector’s potential to increase food security and decrease poverty.

OVERVIEW OF FIELD-BUILDING ASSISTANCE

THE BASICS

Education and expertise-building activities for finance providers can focus on a range of different topics depending on the type of agriculture financing that is necessary, the current capabilities of finance providers, the investment-readiness of the targeted agricultural actors (e.g., smallholders, SMEs, value chain actors), and the nuances of the geography, among other factors. USAID is in a unique position to assess these needs and then facilitate education and expertise-building by leveraging the knowledge and experience of Missions as well as relationships with private sector actors that have been successful in agriculture financing.

USAID can use a number of different channels to provide support that attracts new finance providers. Existing conferences and learning initiatives—both run by USAID and other organizations—that are targeted at agriculture actors can present opportunities to connect finance providers with the right knowledge. New initiatives can also be

created with the support of USAID technical assistance or grant funding. This case study will explore three different mechanisms to provide educational and expertise-building support to financial providers: first, through the annual USAID-sponsored Cracking the Nut conference; second, through the USAID Office of Private Capital and Microenterprise’s (PCM) Partners Forum, and third, through the external organization, AgriFin.

KEY TAKEAWAYS

- 1. REDUCING REAL AND PERCEIVED BARRIERS.** Targeted knowledge resources can be a critical element to breaking down barriers preventing financing providers from serving the agriculture sector—making such resources available through a variety of channels, including online, can help to broaden their reach.
- 2. COLLABORATION.** Educational and expertise-building initiatives can be executed in partnership with other organizations. In addition to leveraging the strengths and expertise of multiple organizations, such partnerships can also help to limit costs and to accelerate development/delivery of learning resources.
- 3. PATIENCE IS KEY.** Helping financial institutions to build capacity and expertise does not lead to increased access to finance right away. It takes time to create private sector action, and it takes time for private sector action to lead to development results. However, upfront assistance represents an important early step.
- 4. CROSS-STAKEHOLDER ENGAGEMENT.** Education and convening events can be broadened to include stakeholders from governments or other policy institutions, in order to involve them in conversations on market opportunities and the impact of the regulatory environment.

CRACKING THE NUT CONFERENCE, GATHERING KEY AGRICULTURE PLAYERS

The Cracking the Nut Conference is an annual international learning event focused on strengthening global ru-

ral and agricultural markets, primarily in developing countries. Cracking the Nut began in 2011 as a venue to bring together thought leaders to overcome obstacles to rural and agricultural finance. Since then, the conference has evolved in both form and function—changing locations to emphasize its global nature and targeting focus topics to align with the areas of greatest relevance and concern in the global agricultural sector.

The conference hosts a mix of public and private sector participants to provide ideas and perspectives on how to address challenges including strengthening agricultural value chains, improving access to finance, and eradicating food insecurity. For example, the 2016 conference included 220 participants from almost 50 countries to discuss three focal areas: regenerating rural and agricultural landscapes, financing environmentally sustainable development, and encouraging investment in climate smart agriculture. The participants ranged from technical assistance providers to financial institutions to researchers to private sector professionals—participants found that perspectives from diverse market actors deepened their insights into potential solutions and that the technical information and example case studies provided during sessions were useful to improving learning and knowledge sharing. Recognizing the importance of sustained engagement with stakeholders before and after the conferences, Cracking the Nut sponsors an online platform that allows participants to have ongoing dialogues and access conference resources.

The conference is organized by Connexus, a global consulting firm, and USAID has been a primary sponsor of the conference since its inception. USAID can connect new and emerging agriculture providers with this strong existing platform, leveraging the knowledge and experience of a valued cohort of development actors, financial institutions, investors, and private sector companies. For more information on the takeaways from past Cracking the Nut conferences, check out the [lessons learned publications from Connexus.](#)

PCM'S PARTNERS FORUM, FACILITATING COLLABORATION WITH THE PRIVATE SECTOR

Recognizing the strategic need to engage with the private sector to meet critical development challenges, USAID's Office of Private Capital Group for Africa—the predeces-

sor to PCM—established an informal network of investors and business leaders as a platform for dialogue on development and investment issues, called the Partners Forum. While the Partners Forum was initially established to provide perspectives on private capital in Africa, the focus of the group has since broadened to encompass other regions.

Today, the Partners Forum is the consultative body, managed by PCM, which leads USAID's efforts to strengthen engagement across the Agency with private sector investor partners. The Partners Forum serves as a sounding board for USAID senior leadership, allowing them to test ideas and innovations. Members are encouraged to discuss challenges with other industry experts who provide a range of perspectives and help to infuse best business practices into sustainable solutions that address development challenges. Since the Partners Forum serves a consultative function, and is not currently based around a specific engagement with milestones and targets, PCM crafts the Forum's activities to benefit the Forum's partners, support USAID's development objectives, and demonstrate action.

The Partners Forum was critical to the development of USAID's PowerAfrica initiative. Forum members helped to identify major constraints to investment in the African power sector, including by opening their networks for dialogue on the subject. This engagement informed the design of the Power Africa initiative. Additionally, Forum members were helpful in identifying and helping to garner financial commitments for the initiative.

The success of Power Africa created a tangible success story for engaging with the private sector through the Partners Forum. In the future, the Forum will continue to leverage the knowledge, experience, and networks of USAID's private sector partners in support of USAID's development objectives. This presents a potentially useful resource to leverage around access to finance for the agriculture sector.

To learn more about the Partners Forum, [visit this website.](#)

AGRIFIN, DISSEMINATING AGRICULTURE FINANCE LEARNINGS AND CONNECTING FINANCE PROVIDERS

AgriFin is an initiative that improves access to finance for farmers and agribusinesses through knowledge sharing and networking among financial institutions. AgriFin offers free membership to agricultural finance professionals, giving them access to networking events, educational forums, and a broad digital knowledge network, including a practical toolkit for agriculture finance. While AgriFin provides access to learning materials, it also relies on members to share best practices and lessons learned to strengthen the capacity of other institutions working in agriculture finance.

AgriFin makes its digital knowledge resources accessible to all members, at any point in time. This approach enables financial providers to build expertise in areas of agriculture finance that are most applicable to their priorities at any time, and allows these organizations to “go deep” on topics in a way that is not always possible in a conference setting. For example, AgriFin provides members with online access to a knowledge library which includes technical summaries from key agriculture finance publications, field lessons from members on agriculture lending in practice, and resource guides from previous TA projects with financial institutions in developing countries. AgriFin also hosts webinars on topics ranging from the broad—digital finance compliance or profitably reaching female farmers—to the specific—financing irrigation systems in India or coffee rehabilitation in Colombia.

Although they provide significant resources for digital learning, AgriFin also recognizes the importance of in-person learning and knowledge sharing that occurs during networking sessions. To ensure that members have access to these types of learning environments, AgriFin hosts an annual AgriFin Forum and also sponsors study tours to allow bankers to visit other financial institutions to learn about alternate agricultural lending practices.

AgriFin has strong examples of how it has worked with finance providers to increase access to agriculture finance. For Nirdhan Utthan Bank Ltd in Nepal, AgriFin supported the establishment of a new agricultural finance unit, development of new agriculture financing products, training for bank staff, and improvement of internal processes.

AgriFin’s support helped the bank double its agricultural client base from 33,000 in 2010 to 87,697 in 2014. For Amret, a microfinance institution in Cambodia, AgriFin again focused on supporting establishment of an agriculture lending unit, development of financing products, training of staff, and enhancing Amret’s ability to serve rural populations. AgriFin’s support helped to increase the average loan size from \$1,300 to \$6,000 and to deploy \$11.6 million in financing as of 2014.

AgriFin is supported by the Bill and Melinda Gates Foundation and managed by the World Bank. To learn more about the special initiative, [check out their website](#).

SOURCE LIST

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